



MARCIA J. NIELSEN, PhD, MPH
Interim Executive Director

K A N S A S
KANSAS HEALTH POLICY AUTHORITY

ANDREW ALLISON, PhD
Deputy Director

Testimony on:
Kansas Health Policy Authority Update

presented to:
Joint Committee on Health Policy Oversight

by:
Scott Brunner
Director, Kansas Medical Assistance Programs

August 23, 2006

For additional information contact:

Luke Thompson
Kansas Health Policy Authority

Landon State Office Building
900 SW Jackson Street, Suite 900
Topeka, KS 66612
Phone: 785-296-3981
Fax: 785-296-4813

Joint Committee on Health Policy Oversight

Address: Rm. 900-N, Landon Building, 900 SW Jackson Street, Topeka, KS 66612-1220

Kansas Medical Assistance Programs:
Phone: 785-296-3981
Fax: 785-296-4813

State Employee Health Benefits and Plan Purchasing:
Phone: 785-296-6280
Fax: 785-368-7180

State Self Insurance Fund:
Phone: 785-296-2364
Fax: 785-296-6995

August 23, 9:00 am

Kansas Health Policy Authority Update

Good morning, Mr. Chairman and members of the Health Policy Oversight Committee. My name is Scott Brunner, Director of Kansas Medical Assistance Programs; and I am pleased to join Dr. Nielsen and Chair Hubbell today.

I want to provide you with an update on the specific request regarding increased staffing and infrastructure to accommodate the needs of this new, independent agency and to effectively accomplish the mission of the KHPA, set forth by the Legislature and statute. Specifically, our proposed recommendation requests 22 additional staff in FY 2007 (\$536,300 SGF) and 20 in FY 2008 (\$567,000 SGF).

Staffing levels, particularly in the Finance & Accounting and Operations areas, fall short of meeting our agency's full potential. These areas are vital to protecting the financial integrity of the programs administered by the Health Policy Authority and to provide meaningful management information. To perform all of the functions necessary for an independent agency, resources have been diverted from program areas on a short-term basis to assist with financial and operational support. However, this has not been sufficient to address all needs. As we try to answer financial questions from the Health Policy Authority Board, the Centers for Medicare and Medicaid Services, and the single state audit contractor, the lack of staff resources has strained our ability to respond quickly and effectively. Internal transfers have left some program areas with limited functionality including administrative support to program managers.

A comparative review of staffing levels of four other agencies in December 2005 showed that, for similar finance and operations functions, the Budget to FTE ratio was \$4.5 million of budget per Operations FTE. Within DHPF at the time, that ratio was \$38.1 million per FTE. We neither expect nor desire to achieve parity in such administrative ratios, but our assessment is that, without additional resources to the agency, the financial integrity of the program could be jeopardized.

There are several reasons additional resources are needed at this time. The original estimates of staff and budget to transfer with the Division of Health Policy and Finance were too conservative. Another key reason is that the Department of Administration (DofA) staff had been providing the infrastructure support to the Division of Health Policy and Finance until July 1, 2006, in the areas of information technology, human resources, and legal. DofA continue to provide a limited number of administrative services through a Memorandum of Agreement. In addition, the KHPA Board determined that a needs assessment for funding of an independent agency be conducted by the Division of Health Policy and Finance rather than request additional funding from the Legislature in the 2006 session. This needs assessment is reflected in the proposed increase in funding for staffing and infrastructure described here.

The Kansas Health Policy Authority, by statute, works to develop and maintain a coordinated health policy agenda that combines the effective purchasing and administration of health care. We work to improve the health of Kansans by increasing the quality, efficiency, and effectiveness of health services and public health programs. To meet this mission, it is critical that the agency has adequate and appropriate resources. I look forward to working with this Oversight Committee to ensure that we meet the broad and important goals of the KHPA.

Chair Hubbell, Dr. Nielsen and I are available for questions.